

**For discussion  
on 17 January 2020**

**Legislative Council Panel on Transport**  
**Progress of Implementation**  
**of the Public Transport Fare Subsidy Scheme**

**Purpose**

This paper aims to brief Members on the progress of implementation of the Public Transport Fare Subsidy Scheme and the review direction.

**Background**

Purpose and characteristics of the Scheme

2. The Government launched the non-means tested Public Transport Fare Subsidy Scheme (“the Scheme”) in 2019 to relieve the fare burden of the commuters who travel on local public transport services for daily commuting and whose public transport expenses are relatively high. In the first year of the implementation of the Scheme, commuters with monthly public transport expenses exceeding \$400 were eligible for the public transport fare subsidy. The Government provided a subsidy amounting to 25% of the actual public transport expenses in excess of \$400, subject to a maximum of \$300 per month. The Scheme covers the Mass Transit Railway (“MTR”), franchised buses, green minibuses (“GMBs”), ferries and trams, as well as designated routes of red minibuses (“RMBs”), non-franchised buses providing residents’ services (“RS”) or employees’ services (“ES”) and Kaitos approved by the Transport Department (“TD”)<sup>1</sup>. The subsidy amount of each month is calculated on the basis of the actual public transport expenses recorded on each Octopus. Neither application nor prior registration of Octopus is required. Under the Scheme, commuters can

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<sup>1</sup> As at 31 December 2019, TD has approved a total of 48 applications from the operators of RMBs, RS, ES and Kaitos for participation in the Scheme, involving a total of 96 routes. Details are set out in **Annex 1**. TD has been liaising closely with operators of the above four modes of public transport services, answering their enquiries in detail and providing them with assistance for joining the Scheme. TD will continue to receive and process their applications for joining the Scheme.

continue to benefit from various public transport fare concession schemes provided by the Government and public transport operators.

### The enhancement of the Scheme

3. To further alleviate commuters' fare burden arising from increasing public transport expenses, the Chief Executive proposed in the 2019 Policy Address to increase the subsidy rate of the Scheme from one-fourth to one-third of the monthly public transport expenses in excess of \$400, as well as raising the subsidy cap from \$300 to \$400 per month. The level of monthly public transport expenses is maintained at \$400.

4. The enhanced Scheme came into effect on 1 January 2020. Commuters can collect the subsidy calculated based on the enhanced subsidy rate and subsidy cap from 16 February 2020 onwards. With an additional annual subsidy amount of around \$800 million arising from the enhancement of the Scheme, the estimated annual subsidy amount will increase from around \$2.3 billion to around \$3.1 billion, and the average number of beneficiaries per month will be around 2.2 million.

### **First year of implementation**

#### Subsidy amount and number of beneficiaries

5. Since its launch, the Scheme has been well received by the public and operating smoothly. According to the actual data of its first year of implementation (from January to December 2019), the total annual subsidy amount was about \$1.9 billion, representing a monthly average subsidy amount of about \$160 million; the average number of beneficiaries per month was about 2.2 million; and the average amount of monthly subsidy per beneficiary was about \$73. The monthly subsidy amount and the number of beneficiaries in the first year of implementation are in **Annex 2**, and the monthly distribution of beneficiaries by subsidy amount is in **Annex 3**.

#### Subsidy collection

6. Subsidy collection has been generally smooth. Since the implementation of the Scheme, an average of over 80% of beneficiaries have collected the subsidy within the three-month collection period, amounting to approximately 90% of the monthly subsidy amount. The details of subsidy collection from January to August 2019 are tabulated in **Annex 4**.

7. Having regard to that during the initial stage of the implementation of the Scheme, some members of the public may not be fully familiar with the Scheme's operation and therefore may have missed the three-month collection period, we introduced a temporary special arrangement on 16 May 2019 whereby those who have not collected their subsidies for January to March 2019 within the collection period were allowed to apply for claiming the expired subsidies through the Scheme Hotline (2969 5500)<sup>2</sup>. A total of 293 persons collected their expired subsidies through the temporary special arrangement, and the total amount involved was about \$21,000, accounting for around 0.05% of the total unclaimed subsidy amount for January to March 2019.

8. As for the subsidy collection channels, over 1 800 subsidy collection points are now available across the territory. Commuters can collect the subsidy using the Octopus App ("mobile App"); the 50 Octopus Service Points; the Subsidy Collection Points installed at 94 MTR stations, 5 light rail customer service centres, designated ferry piers and designated public transport interchanges; or, by tapping their Octopus on the card reader at any outlet of 7-Eleven, Circle-K and Wellcome supermarket. According to the actual statistics of 2019, over 60% of beneficiaries collected the subsidy at Subsidy Collection Points, around 30% tapped their Octopus on the card reader at outlet of designated convenience stores or supermarkets to collect the subsidy, and the remaining 10% or so collected the subsidy through the mobile App or at Octopus Service Points.

### Scheme enquiry

9. Under the Scheme, commuters can check the accumulative total public transport expenses of the current month, public transport expenses and subsidy amount of the last three months, as well as the registration result of designated transport tickets through the mobile App, the Scheme Website ([www.ptfss.gov.hk](http://www.ptfss.gov.hk)) or the Scheme Hotline. They can also create an account through the mobile App or the Scheme Website and register their Octopus to enquire the detailed record of public transport expenses. As at the end of 2019,

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<sup>2</sup> Under the temporary special arrangement, members of the public might apply, within one month from the day following the expiry of the subsidy collection period, for claiming the expired subsidies for January, February and March 2019 through the Scheme Hotline. Upon confirmation of the application, the uncollected subsidy could be collected through various subsidy collection channels from the 16<sup>th</sup> day of the month following the date of the application. The expired subsidy is valid for collection within three months. The collection period of the expired subsidies for January, February and March 2019 through the above temporary special arrangement ended on 15 October, 15 November and 15 December 2019 respectively.

over 410 000 and 14 000 accounts which enable users to enquire details of the Scheme have been created through the mobile App and the Scheme Website respectively. The number of such accounts has surged significantly as compared to the inception period of the Scheme<sup>3</sup>.

10. According to the actual statistics of the first quarter of 2019, the Scheme Hotline received a monthly average of around 20 000 enquiries<sup>4</sup>, most of which were related to the operational details of the Scheme. Members of the public were generally familiar with the operation of the Scheme after its first year of implementation. Actual statistics of the last quarter of 2019 reveal that the Scheme Hotline received around 12 000 enquiries a month on average<sup>5</sup>. Those enquiries were mostly related to the subsidy arrangements relating to malfunctioned, lost or bank co-brand Octopus.

### Monitoring measures and their effectiveness

11. Since the implementation of the Scheme, TD has adopted a series of risk-based monitoring measures to ensure proper use of public funds under the Scheme and minimise the risks of abuse. These measures include establishing a set of audit and assurance standards with all the public transport operators covered by the Scheme to strengthen the internal monitoring system; requiring all relevant operators to submit to the Government reports prepared by independent auditors in accordance with the standards issued by the Hong Kong Institute of Certified Public Accountants; and regularly examining the records and reports submitted by the operators and Octopus Cards Limited. In addition, since the operation modes of RMBs, RS, ES and Kaitos are relatively flexible and their fares do not require TD's approval, operators of these four modes of public transport services

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<sup>3</sup> As at the end of the first quarter of 2019, around 32 000 commuters have created accounts which enable users to enquire the details of the Scheme through the mobile App and around 4 700 commuters have created such accounts through the Scheme Website. As at the end of the last quarter of 2019, over 410 000 and 14 000 commuters have created such accounts through the mobile App and the Scheme Website respectively.

<sup>4</sup> The Scheme Hotline features an interactive voice response system ("IVRS") which enables callers to enquire the details of the Scheme anytime. Details of the enquiries received by the IVRS are at **Annex 5**. According to the actual statistics of the first quarter of 2019, among the monthly average of around 20 000 hotline enquiries, almost 80% of callers could complete the enquiry process on their own via the IVRS, while the remaining 20% required assistance from the hotline staff.

<sup>5</sup> According to the actual statistics of the fourth quarter of 2019, among the monthly average of around 12 000 hotline enquiries, almost 80% of callers could complete the enquiry process on their own via the IVRS, while the remaining 20% required assistance from the hotline staff.

which are interested in joining the Scheme must fulfill the basic requirements (e.g. signing agreement with TD and installing Octopus payment system) and submit their applications to TD for approval. They must also undertake to comply with the prescribed operational requirements<sup>6</sup>.

12. If an individual operator is found not to have complied with the prescribed operational requirements during the monitoring process, depending on the nature and extent of non-compliance, TD may issue warning letters to the operator or even temporarily or permanently exclude his/her services from the Scheme. As at the end of 2019, the internal monitoring systems of two public transport operators have identified a total of two suspected fraudulent cases, which were referred to the Police for investigation and follow-up action. TD has also conducted immediate review on the internal monitoring systems of the two relevant operators for early improvements. We believe these were isolated cases. TD will continue to regularly review the effectiveness and sufficiency of the internal monitoring measures taken by all operators covered by the Scheme, and enhance the comprehensiveness of the monitoring system as and when necessary in order to minimise the risks of abuse.

#### Concerns about parallel traders benefiting from the Scheme

13. It is difficult for the Government to precisely distinguish parallel traders solely on the basis of their commuting patterns or actual public transport expenses<sup>7</sup>. Even if we assume that the actual public transport expenses of parallel traders are the highest among all, the number of Octopus users with average monthly public transport expenses exceeding \$2,000 has remained relatively low based on the actual statistics for the first year of the implementation of the Scheme. Despite a marginal increase in the number of such users in 2019, they still constitute an insignificant percentage of the total number of active

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<sup>6</sup> When RMB, RS, ES and Kaito operators which have fulfilled the basic requirements submit their applications to TD for joining the Scheme, they must undertake to comply with the prescribed operational requirements, which includes submitting operational data regularly, uploading transaction record in the Octopus payment system in a timely manner, etc. TD will conduct regular transport surveys to gather operational data and passenger statistics, verify the reports submitted by the operators and check the transaction record in the Octopus payment system. Any suspected fraudulent or illegal cases, if identified, will be referred to the Police for follow-up action.

<sup>7</sup> In the absence of a clear definition of “parallel trader”, it is difficult to obtain statistics on the actual number of parallel traders.

Octopus users or the total number of beneficiaries of the Scheme<sup>8</sup>. In any case, a sound basis is lacking to assume such users are parallel traders. We will continue to closely monitor the actual implementation of the Scheme, and examine relevant issues in our review.

## **Review**

14. Upon revisiting the subsidy level under the Scheme earlier on, the Government has enhanced the Scheme by suitably increasing the subsidy amount with effect from 1 January this year. Given so, the review will focus on examining the specific operational arrangements of the Scheme for providing greater convenience to the general public. Key areas to be examined include the validity period, procedures and channels for subsidy collection; registration arrangements for the designated transport tickets; Scheme enquiry channels; and monitoring measures for the Scheme. We will also explore measures to encourage more public transport operators to join the Scheme. Moreover, considering the emergence of various electronic payment platforms, we will explore ways to incorporate suitable electronic payment systems into the Scheme in a progressive manner.

15. We have already commenced the review of the Scheme at the start of this year. We will conduct questionnaire surveys to collect views on the Scheme from members of the public as well as public transport operators. We will also collate the actual data obtained during the first year of implementation, so as to study the long-term arrangement of the Scheme, and examine its implications on the overall strategic arrangement of public transport services and financial implications. The review is expected to complete in the fourth quarter of 2020.

## **Transport and Housing Bureau January 2020**

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<sup>8</sup> According to the data acquired by the Government, prior to the implementation of the Scheme, the number of Octopus with average monthly public transport expenses exceeding \$2,000 was about 3 000, constituting 0.03% of the monthly average of around 10.28 million active Octopus. After a year of implementation of the Scheme, the number of such Octopus was about 3 600, constituting 0.04% of the monthly average of around 10 million active Octopus, or 0.17% of the monthly average of about 2.2 million beneficiaries of the Scheme.

**Public Transport Fare Subsidy Scheme  
Designated Routes of Red Minibuses, Residents' Services,  
Employees' Services and Kaitos Approved by the Transport Department to  
Join the Scheme**

**(1) Red Minibuses**

	<b>Origin – Destination</b>
1.	Sai Wan - Tsuen Wan
2.	Wan Chai - Mong Kok
3.	Wan Chai - Kwun Tong
4.	Causeway Bay - Tsz Wan Shan
5.	Aberdeen - Mong Kok
6.	Aberdeen - Kwun Tong
7.	Aberdeen - Central
8.	Sai Wan - Mong Kok
9.	Hung Hom (Whampoa Estate) - Mong Kok (Bute Street)
10.	Kwun Tong - Yau Tong
11.	Kwun Tong - Tsuen Wan
12.	Kwun Tong - Sai Kung
13.	Tsuen Wan (Belvedere Garden) - Tsuen Wan (Yeung Uk Road)
14.	Jordan - Lam Tin
15.	Jordan - Sau Mau Ping
16.	Ping Shek - Tsuen Wan
17.	Tai Po - Mong Kok

**(2) Residents' Services**

	<b>Route Number</b>	<b>Origin - Destination</b>
1.	DB00R	Discovery Bay (within Discovery Bay)
2.	DB01R	Discovery Bay - Tung Chung
3.	DB02R	Discovery Bay - Airport (Circular) [including special departures route DB02RA: Discovery Bay North (near Community Hall) - Airport (Circular)]
4.	DB03R	Discovery Bay - Sunny Bay [including special departures route DB03RP: Discovery Bay North Plaza - Sunny Bay]
5.	HR42	Baguio Villa (Lower) - Kennedy Town MTR Station (Circular)
6.	HR88	Scenic Villas - Connaught Road Central (Wing On House) (Circular)
7.	HR101	Wing Fok Centre (Fanling) - Wan Chai (Lockhart Road)
8.	HR104	Tin Ping Estate (Sheung Shui) - Cheung Sha Wan
9.	NR111	Woodland Crest (Sheung Shui) - Tin Hau
10.	NR18	Wing Fok Centre (Fanling) - Cheung Sha Wan
11.	NR21	On Ning Garden - Fo Tan
12.	NR22	Well On Garden - Tsuen Wan
13.	NR24	Yan Ming Court - Tsuen Wan
14.	NR25	Chung Ming Court - Tsuen Wan
15.	NR26	King Ming Court - Tsim Sha Tsui
16.	NR27	Yan Ming Court - Fo Tan
17.	NR28	Hong Sing Garden - Tsim Sha Tsui
18.	NR330	Ma Wan (Tung Wan Bus Terminus) - Tsing Yi Station
19.	NR330A	Ma Wan (Tung Wan Bus Terminus) - Tsing Yi Station
20.	NR331	Ma Wan (Pak Yan Road) - Tsuen Wan (Sai Lau Kok Road) (Circular) [including special departures route NR331S: Ma Wan (Pak



		Yan Road) - Tsuen Wan West (Nina Tower Bus Terminus) (Circular)]
21.	NR332	Ma Wan (Tung Wan Bus Terminus) - Kwai Fong (Metroplaza)
22.	NR334	Ma Wan (Tung Wan Bus Terminus) - Hong Kong International Airport (Circular)
23.	NR338	Ma Wan (Tung Wan Bus Terminus) - Central (Central Ferry Pier No.2)
24.	NR35	Riviera Gardens - Kwun Tong
25.	NR38	Riviera Gardens - Central / Admiralty
26.	NR501	Tai Wo Estate, Tai Po - Sheung Wan
27.	NR507	Tai Po Lung King Villa - Central
28.	NR51	Hong Lok Yuen, Tai Po - Tai Po Market
29.	NR52	Tai Yuen Estate, Tai Po - Kwun Tong
30.	NR532	Tung Tsz Villa, Tai Po - Tai Po Market Station (Circular)
31.	NR61	City One Shatin - Lam Tin
32.	NR706	On Ting Estate - Wan Chai
33.	NR708	San Wai Court - Wan Chai
34.	NR709	Sam Shing Estate - Wan Chai
35.	NR716	Greenland Garden - Wan Chai / Central
36.	NR722	San Wai Court - Fo Tan
37.	NR740	Sun Tuen Mun Centre - Tsim Sha Tsui East
38.	NR741	Sun Tuen Mun Centre - Wan Chai
39.	NR75	On Ting Estate - San Po Kong
40.	NR754	Lung Mun Oasis - Tsing Yi Station
41.	NR767	Gold Coast - Tsuen Wan West Station
42.	NR805	Lung Hang Estate, Sha Tin - Central
43.	NR811	Kwong Yuen Estate, Sha Tin - Causeway Bay

44.	NR83	Kwong Yuen Estate, Sha Tin - Central
45.	NR86	Kwong Yuen Estate, Sha Tin - Hung Hom Station
46.	NR88	City One Shatin - Central
47.	NR917	Fan Kam Road, Yuen Long - Wan Chai
48.	NR918	Lam Kam Road - Wan Chai
49.	NR945	Yick Fat / Tai Hang Buildings, Yuen Long - North Point

### **(3) Employees' Services**

	<b>Origin – Destination</b>
1.	Shatin Racecourse - Causeway Bay
2.	Shatin Racecourse - Mongkok
3.	Shatin Racecourse - Mongkok (Direct)
4.	Shatin Racecourse - Shatin (Direct)
5.	Shatin Racecourse - Causeway Bay (not via Cornwall Street)
6.	Shatin Racecourse - Mongkok (via Tai Wai)
7.	Shatin Racecourse - Tseung Kwan O
8.	Shatin Racecourse - Tseung Kwan O (Direct)
9.	Shatin Racecourse - Ma On Shan
10.	Shatin Racecourse - Sheung Shui
11.	Shatin Racecourse - Yuen Long
12.	Shatin Racecourse - Tsuen Wan (Direct)
13.	Pai Tau Street - Shatin Racecourse (Circular Route 1)
14.	Pai Tau Street - Shatin Racecourse (Circular Route 2)
15.	Mei Foo - Cyberport
16.	Tai Wai - Cyberport
17.	Kowloon Tong - Cyberport

18.	Hang Hau - Cyberport
19.	Lam Tin - Cyberport
20.	Sheung Wan - Cyberport

**(4) Kaitos**

	<b>Origin – Destination</b>
1.	Ma Liu Shui - Tung Ping Chau
2.	Ma Liu Shui - Tap Mun
3.	Tap Mun - Wong Shek Pier
4.	Wong Shek Pier - Wan Tsai (Nam Fung Wan)/ Chek Keng
5.	Aberdeen/ Stanley - Po Toi Island
6.	Mo Tat - Sok Kwu Wan
7.	Aberdeen - Mo Tat
8.	Sam Ka Tsuen - Tung Lung Island
9.	Sai Wan Ho - Tung Lung Island
10.	Aberdeen - Ap Lei Chau

**Public Transport Fare Subsidy Scheme**  
**Monthly Subsidy Amount and Number of Beneficiaries**

<b>Month</b>	<b>Subsidy amount (\$ million)</b>	<b>Number of beneficiaries (million)</b>
January 2019	186	2.35
February 2019	121	1.94
March 2019	182	2.36
April 2019	153	2.18
May 2019	171	2.26
June 2019	158	2.20
July 2019	170	2.22
August 2019	163	2.15
September 2019	157	2.17
October 2019	141	1.99
November 2019	122	1.80
December 2019	150*	2.09*
Annual average	156	2.14

\* The figures for December 2019 are provisional and subject to changes after detailed calculation.

**Public Transport Fare Subsidy Scheme  
Monthly Distribution of Beneficiaries**

<b>Month</b>	<b>Monthly distribution of beneficiaries by subsidy amount (million) (Percentage to the total number of beneficiaries)</b>			<b>Total number of beneficiaries (million)</b>
	<b>\$0.1 - \$100</b>	<b>\$100.1 - \$200</b>	<b>\$200.1 - \$300</b>	
January 2019	1.67 (70.8%)	0.51 (21.8%)	0.17 (7.4%)	2.35
February 2019	1.55 (80.4%)	0.31 (16.2%)	0.07 (3.4%)	1.94
March 2019	1.69 (71.7%)	0.52 (22.0%)	0.15 (6.3%)	2.36
April 2019	1.64 (75.5%)	0.43 (19.9%)	0.10 (4.6%)	2.18
May 2019	1.63 (72.4%)	0.48 (21.5%)	0.14 (6.1%)	2.26
June 2019	1.63 (74.5%)	0.45 (20.6%)	0.11 (5.0%)	2.20
July 2019	1.60 (72.0%)	0.48 (21.8%)	0.14 (6.2%)	2.22
August 2019	1.55 (72.3%)	0.47 (21.7%)	0.13 (6.0%)	2.15
September 2019	1.60 (74.2%)	0.44 (20.5%)	0.11 (5.3%)	2.17

October 2019	1.49 (75.2%)	0.39 (19.7%)	0.10 (5.1%)	1.99
November 2019	1.38 (76.9%)	0.34 (18.8%)	0.08 (4.3%)	1.80
December 2019	1.56* (74.6%)*	0.42* (20.4%)*	0.10* (5.0%)*	2.09*
Annual average	1.58 (74.1%)	0.44 (20.5%)	0.12 (5.4%)	2.14

\* The figures for December 2019 are provisional and subject to changes after detailed calculation.

**Public Transport Fare Subsidy Scheme  
Monthly Subsidy Collection Status**

<b>Month</b>	<b>Last date for subsidy collection</b>	<b>Number of persons having collected a subsidy (million) (Percentage to the total number of beneficiaries)</b>	<b>Amount of subsidy collected (\$ million) (Percentage to the total subsidy amount)</b>
January 2019	15 May 2019	2.03 (86%)	171 (92%)
February 2019	15 June 2019	1.68 (87%)	111 (92%)
March 2019	15 July 2019	1.96 (83%)	164 (90%)
April 2019	15 August 2019	1.81 (83%)	138 (90%)
May 2019	15 September 2019	1.86 (82%)	154 (90%)
June 2019	15 October 2019	1.81 (82%)	142 (90%)
July 2019	15 November 2019	1.83 (82%)	153 (90%)
August 2019	15 December 2019	1.76 (82%)	146 (90%)

**Public Transport Fare Subsidy Scheme**  
**Enquiries received through the Interactive Voice Response System**  
**(“IVRS”)**

<b>Month</b>	<b>Number of enquiries by types (Number of cases) (Percentage to the total number of enquiries received through the IVRS)</b>			<b>Total number of enquiries received through the IVRS (Number of cases)</b>
	<b>Enquiry on operational details</b>	<b>Enquiry on subsidy amount and public transport expense records</b>	<b>Enquiry on subsidy arrangements relating to malfunctioned/ lost/ bank co-brand Octopus</b>	
January 2019	15 200 (58%)	6 700 (26%)	4 300 (17%)	26 200
February 2019	10 000 (42%)	6 500 (28%)	7 100 (30%)	23 600
March 2019	5 600 (35%)	4 000 (26%)	6 200 (39%)	15 700
April 2019	4 000 (35%)	2 900 (26%)	4 500 (39%)	11 400
May 2019	5 700 (37%)	3 700 (24%)	6 000 (39%)	15 300
June 2019	4 400 (35%)	3 100 (24%)	5 100 (41%)	12 600
July 2019	3 500 (33%)	2 300 (22%)	4 700 (45%)	10 500
August 2019	2 900 (29%)	1 900 (19%)	5 200 (52%)	10 100
September 2019	2 800 (27%)	1 700 (16%)	6 000 (57%)	10 500



October 2019	3 100 (28%)	1 700 (15%)	6 300 (57%)	11 200
November 2019	2 500 (25%)	1 400 (14%)	6 000 (61%)	9 800
December 2019	2 700 (26%)	1 800 (17%)	6 000 (58%)	10 400
Annual average	5 200 (35%)	3 100 (21%)	5 600 (44%)	13 900